Notes and Observations in International Commodity Markets

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by Guy H. Allen – Senior Economist, International Grains Program, Kansas State University

KSU Agriculture Today Podcast Link – March USDA WASDE Comments: https://agtodayksu.libsyn.com/starter-fertilizer-management-for-commodity-markets

KSU Ag Manager Link: https://www.agmanager.info/grain-marketing/grain-market-outlook-newsletter-notes-and-observations-international-commodity


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CHINESE CORN PURCHASES LEAVE MARKETS UNFAZED

GHA – The big news in the commodity markets this week was the large corn sales to China. Between Tuesday and Thursday of this week the USDA confirmed a total of 3,876 mmts (152 mbus) of US corn sold to China for delivery in the 2020/21 marketing year. That brings total 2020/21 sales to China to at least 22.4 mmts (883 mbus). However, the US corn markets were unfazed by the news as the lead CME May Corn contract traded lower. This is the same week US and Chinese officials are set to meet with the Biden Administration for the first time.

We are seeing more evidence that China follow-through on its Phase 1 Trade Agreements negotiated under the Trump administration. These actions may also be supported by deteriorating crop conditions in South America production, along with long term forecasts for dry weather in North America this summer as changes in the Pacific Ocean surface temperatures are increasing the risk for a drought in the Midwest this summer.

Current prices continue to support large Chinese corn imports as China DCE nearby corn futures are trading around 2,725 RMB/mt (US$10.64/bu), down 100 RMB/mt (39 cents/bu) in the past week, and off of their January highs of over 2,900 RMB/mt (US$11.34/bu). The financial incentives would suggest that China will continue to be in the market for some time to come and are likely to be back in the relatively near future.
Even so, some traders remain skeptical that all of the current corn sales will ship. Grain sorghum farmers and resellers in recent years in particular have seen forward commitments be cancelled or rolled forward to new crop months. Fueling the drop in commodity prices on Thursday was a stronger US Dollar and a sharp drop in crude oil prices.

While corn showed a record export pace, and forward sales would suggest shipments should remain strong in coming months, the US soybean program is wending down as shipments are now in full swing out of Brazil. The four-week pace of soybean export sales at 9.7 mbu/week has dropped to a 10-year seasonal low and is barely 1/3rd of the average as demand wanes. However, an increasing incidence of ASF in China continues to undermine the expectation of 100 mmts of imports. Soybean meal sales are still quite good and are nearly 25% above the seasonal pace.

Market focus is now also turning to the US planting pace as the competition will be intense this spring between not only corn vs soybeans, but also stringing priced grain sorghum, as well as lagging spring wheat. Weather is likely to be a big determinant of the final outcome. 2019 saw US growers react to changing price relationships well into June.

**On a closing note:** Speaking to a long-time industry colleague earlier this week, who has more than the 35 years of experience in the industry than I do; neither of us could recall a time when there were so many dynamic issues or “moving parts” were impacting day to day price movements.

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### Crude Oils and Gasoline tumble to 3-week lows on a strong Dollar and poor economic outlook

Crude oil and gasoline prices settled mixed on Friday, recovering from losses the previous two days and settling moderately higher. An attack on a Saudi Aramco oil refinery in Riyadh by Houthi rebels on Friday helped crude prices rebound from early losses and move higher. After making new life of contract highs, touching $67.79/barrel, on the 8th of March, NYMEX WTI Crude Oil and gasoline prices have extended this week’s losses down to 3-week lows. A stronger dollar is undercutting energy prices, along with a sell-off in stocks that has curbed confidence in the economic outlook and energy demand, as global demand concerns from soaring Covid infections in Germany and India. Concerns that a worsening of the Covid pandemic throughout the world may prompt countries to lengthen pandemic lockdowns and tighten restrictions is negative for energy demand and crude prices. German Health Minister Spahn on Friday said Germany is in the grip of a “third wave” of rising Covid cases and “there are some fairly challenging weeks ahead of us.” Germany reported 28,489 new Covid infections on Friday, the most in nearly two months. The rising number of infections raises the prospect that lockdown restrictions may be prolonged or even strengthened in Germany, the Eurozone’s largest economy. Also, India, the world’s third-largest crude consumer, reported 39,726 new Covid infections on Friday, the most in 4 months. The decline in U.S. pandemic figures is positive for economic growth prospects and energy demand after the 7-day average of new U.S. Covid infections fell to 51,820 on Sunday, the lowest in 5 months. Globally, however, new Covid infections rose for the third week and now stand at 121.943 million, with deaths climbing above 2.694 million. Weak US gasoline demand has become negative for fuel prices after the US Department of Transportation reported this week that US motorists traveled 223.3 billion miles in January on all public roads, down -11.3% y/o/y. US economic data this week was also negative for energy demand as weekly initial unemployment claims unexpectedly rose +45,000 to 770,000, showing a weaker labor market than expectations of a decline to 700,000. In addition, February’s leading indicators rose +0.2% m/o/m, weaker than expectations of +0.3% m/o/m. An increase in US air travel was supportive of jet fuel demand and crude prices as the US Transportation Security Administration reported that air travel passenger totaled 1.357 million on Friday, the highest level in a year. This data came out after crude oil prices fell on Wednesday when the IEA in its monthly Oil Market Report raised its global 2021 oil demand estimate to 96.49 million bpd from a Feb estimate of 96.44 million bpd, but said global demand wouldn’t return to 2019 levels until 2023. Increased Chinese crude demand is supportive for prices after Bloomberg data showed China Jan-Feb crude demand rose +16.8% y/y to 13.326 million bpd. Increased Chinese imports of Iranian crude will curb exports from other oil-producing
countries that could boost global oil supplies. According to data intelligence firm Kpler, China’s imports of Iranian crude oil have risen to 856,000 bpd this month, the most in almost two years. Three supertankers carrying oil from Norway have been floating off the Chinese coast for at least two weeks without discharging, shipping data show. The shipping data also shows only 16 mbbl of North Sea crude left Europe for China in February, the least in four months.

Wednesday’s weekly EIA data showed: (1) U.S. crude oil inventories as of the 12th of March were +6.7% above the seasonal 5-year average, (2) gasoline inventories were -4.8% below the 5-year average, and (3) distillate inventories were -2.3% below the 5-year average. U.S. crude oil production in the week ended March 12 was unchanged w/w at 10.9 million bpd and is down by -2.2 million bpd (-16.8%) from the Feb-2020 record-high of 13.1 million bpd.

**Bullish Factors:** (1) the decision by OPEC+ at its March meeting not to increase production and maintain its production cut agreement of 7.2 mln bpd for April, and Saudi Arabia's decision to maintain its voluntary -1.0 million bpd cut for April, (2) the slump in active U.S. and global oil rigs due to the pandemic, (3) the sharp drop in Iranian oil production due to U.S. sanctions and in Venezuelan oil production due to U.S. sanctions and domestic turmoil, and (4) tight gasoline supplies that stand -4.8% below their 5-year average.

**Bearish Factors:** (1) the major damage done to global energy demand by the Covid pandemic, (2) the continued global oil surplus despite the OPEC+ production cut that initially took effect on May 1, 2020, (3) high crude inventories that stand +6.7% above the 5-year average, and (4) cessation of hostilities in Libya that has allowed Libyan crude production to increase to over 1.0 million bpd.

**Allendale Survey: 2021 Corn Acreage at 92.8, Soybeans at 90.3 m acres**
U.S. farmers are expected to plant 92.828 million acres of corn in 2021 and 90.317 million acres of soybeans, according to an annual survey conducted by commodity brokerage and analytical firm Allendale Inc. released Monday.
Projected corn plantings would be above the U.S. Department of Agriculture’s Outlook Forum forecast for 92.0 million acres and above the 90.8 million acres planted in 2020. Projected soybean plantings would top the latest USDA forecast for 90.0 million acres and far exceed the 83.1 million acres planted to soy in 2020.

**Brazil’s 2021 Coffee Production Seen Plunging**
Brazil could see one of the steepest ever plunges in coffee production in 2021 following last year’s record crop. Drought brought on by La Niña hit the new crop during its critical flowering period and threatens to drive down yields.
Top global coffee producer Brazil is currently in the off year of its biennial cycle. Even so, some farmers and exporters in São Paulo state, a key coffee region, are currently expecting production to drop by as much as 20% to 30% from normal levels. That’s in addition to the usual, off-year declines of 11%, based on Gro’s analysis of the past seven biennial production cycles.

The 2021 crop will begin harvest in May, and fears of a weak harvest need to still be confirmed.
Brazil produced 68 million bags (60 kg/bag) of green coffee in 2020, a record amount. Rising Arabica coffee prices underscore the uncertainty facing the Brazilian crop.
The ICO composite indicator climbed 9% in February to finish the month at 128.34 US cents/lb. And the ICE May coffee futures contract is up nearly 15% over the past year.
Flowering for Brazil’s coffee crop typically occurs between November and February, a period in the latest year when the main coffee producing regions of Minas Gerais, Espirito Santo, São Paulo, and Parana all experienced drought.
Gro’s Drought Index reading for São Paulo in the fourth quarter of 2020 was the highest in 11 years. And the Parana region saw its driest September on record, Gro’s Rainfall Monitor shows.

**US DOLLAR & FOREIGN EXCHANGE**

**U.S. Dollar Index - Moves Slightly Higher On Strength In T-Note Yields**

The dollar index (DXY00) on Friday posted modest gains on higher-note yields. EUR/USD (^EURUSD) fell back slightly on concern about the third wave of Covid infections spreading through Europe. USD/JPY (^USDJPY) was unchanged after the BOJ set a wider-than-expected movement range for bond yields and adjusted its equity-buying target.
The 10-year T-note yield on Friday rose +2.0 bp to 1.728%, slightly below Thursday's 13-month high of 1.753%. The dollar index (DXY00) on Friday rose +0.059 (+0.06%), June euro-fx futures (E6M1) closed down -0.06 (-0.05%), and EUR/USD (^EURUSD) fell -0.0007 (-0.06%). June yen futures (J6M1) closed up +0.0010 (+0.10%), and USD/JPY (^USDJPY) was unchanged.

An easing of the pandemic in the U.S. is hawkish for Fed policy and supportive for the dollar as the 7-day average of new U.S. Covid infections fell to a 5-month low Sunday of 51,820. Globally, Covid infections have risen above 122.493 million, and deaths have exceeded 2.705 million.

EUR/USD (^EURUSD) on Friday fell back slightly. Covid concerns in Europe are undercutting EUR/USD after German Health Minister Spahn on Friday said that Germany is in the grip of a “third wave” of rising Covid cases and “there are some fairly challenging weeks ahead of us.” Germany reported 28,489 new Covid infections on Friday, the most in nearly two months. The rising number of infections raises the prospect that lockdown restrictions may be prolonged or even strengthened in Germany, the Eurozone's largest economy. In a dovish factor for ECB policy and slightly bearish factor for EUR/USD, Friday’s German Feb PPI rose +0.7% m/m and +1.9% y/y, slightly weaker than expectations of +0.8% m/m and +2.0% y/y.

USD/JPY (^USDJPY) on Friday was little changed. The yen fluctuated on either side of unchanged following the results of Friday’s BOJ policy meeting. The BOJ tweaked its policy slightly and said the band at which the 10-year JGB bond yield is allowed to trade would be about 25 bp on either side of 0%, a bit wider than the current band of 20 bp. The BOJ stressed that it could buy more debt if bond yields start climbing significantly. Friday’s Japanese consumer price data was neutral for the yen after Japan Feb national CPI ex-fresh food & energy rose +0.2% y/y, right on expectations and the biggest increase in 7 months.

The BOJ, in an 8-1 vote, kept its main policy rate unchanged at -0.1% and said the yield range around its 10-year bond yield target was 0.25% either side of zero, wider than the previous range of 0.20%. The BOJ scrapped its 6 trillion yen ($55 billion) buying target for annual purchases of exchange-traded funds (ETFs) and kept its upper limit of 12 trillion yen so it can still step into the market if sentiment takes a turn for the worse. In addition, the BOJ said it would focus on purchasing ETFs tracking the Topix index rather than the Nikkei 225.

**Bullish Factors:** (1) safe-haven demand for dollar liquidity as underlying pandemic stress encourages flight into the world’s reserve currency, (2) the influx of capital from overseas investors fleeing from over $10 trillion of negative-yielding debt, and (3) higher T-note yields that strengthen the dollar’s interest rate differentials as the 10-year T-note yield rose to a 13-month high of 1.753%.

**Bearish Factors:** (1) the Fed’s average inflation targeting scheme that is dovish for Fed policy, (2) the outlook for the Fed to keep the Fed funds rate near zero at least through 2023, (3) the severe U.S. and global economic damage caused by the Covid pandemic, which is dovish for Fed policy, (4) trade tensions and Washington political uncertainty, and (5) the wide U.S. budget and current account deficits.

**WHEAT**

- **Australian Wheat Farmers Double-Down After Record Harvest**

*Reuters* - Australian wheat farmers are scouring the market for crop-planting machinery, fertiliser and other farm products, weeks out from the country’s main wheat-planting window as suppliers struggle to keep pace with strong demand.
After harvesting their biggest-ever wheat crop in 2020, many farmers are betting on back-to-back bumper seasons, buoyed by good moisture levels in some of the country's main grain-growing areas.

Their optimism has been fueled by global grain prices near 7-year highs, driving demand for farm equipment amid a broad economic upturn in Australia in the wake of the coronavirus pandemic, including rising home prices and a stronger jobs market. "Farms thought they'd just ring up and seeders would be available, and they are being told they'll be a 6-month wait," said grains farmer Xavier Martin, from the state of New South Wales, which was the country's biggest grain-producing state last season.

Wheat is Australia's main agricultural crop, bringing in export earnings on average of about A$6 billion ($4.6 billion) each year, and the country is typically one of the top four global exporters of the staple commodity.

Grain and livestock farmer David Jochinke, from the southern state of Victoria, said some farmers may need to plant their crops without their usual fertilizer program. "We are seeing higher prices for farm inputs. Even if you can get a price on it, supply is an issue," said Jochinke. While farmers can sow their April/May grain crops without fertilizer, they risk suffering a "yield penalty" should the crops come under stress, he said.

Demand for fertilizer has also been boosted because of last year's strong harvest, which depleted soil nutrients. Farmers told Reuters that some deliveries of farm equipment and products had also been held up by pandemic-driven supply disruptions. The strain on suppliers marks a stark turn-around from just 18 months ago, when drought-ravaged Australia's eastern states and most equipment lay idle.

Farms are now in a strong cash flow position, according to major rural lender Rabobank, prompting many farmers to expand their property holdings and improve on-farm infrastructure such as silos.

Wheat is also not one of the commodities and products that have been caught up in trade bans and other restrictions by China, a major buyer of the grain, amid souring diplomatic relations with Canberra.

Still, farmer confidence about this year's wheat crop contrasts with more sombre forecasts by the government's chief commodity agency which warns that anticipated drier conditions later this year could cut yields.

The Australian Bureau of Agricultural and Resource Economics and Sciences expects wheat production during the 2021/22 season to total 25 mmts, a drop of 25% from last season's record harvest of more than 33 mmts and in line with 10-year averages. But at machinery auctions, farmers know that unless they pay above the asking price, they risk missing out on having the necessary equipment to plant their crop.

Tractor dealer Roger Moylan from the major New South Wales grain-growing area of Quirindi said he sold a second-hand tractor at auction priced at 50% more than expected. "We had eight people bidding for it," said Moylan. "They have to buy second-hand because new orders won't arrive in time for planting."

- **Wheat Markets**

Wheat futures struggled to keep pace with the corn and soybeans this week as the nearby May closed out the day on Friday 3½ cents lower in Chicago, 1½ cents lower in Kansas City and 1½ cents higher in Minneapolis. For the week, Kansas City was down 18 cents, Chicago 12 cents and Minneapolis 7 cents. Europe's MATIF wheat was 10¢/bushel weaker vs last Friday.

The weekly Export Sales update from USDA showed 390,075 MT of wheat sold on the week ending 3/11. New crop sales were reported at 139k MT.

Maybe an indication of things to come with Pakistani officials announcing they will remain an active buyer of wheat with anticipated purchases of more than 3 mmts over the next twelve months. Outside of last year, Pakistan's wheat imports have been virtually zero for last decade. Included in the briefing was the comment "We won't let any wheat shortage to happen again".

- **CME CBOT Wheat Futures**

CBOT July 2021 Wheat Futures - New crop July 2021 wheat settle on Friday at $6.19¼/bu, down 2¼ cents on the day, and losing 12 cents for the week.

The lead May contract settled on Friday at $6.26½/bu, down 4 cents on the day, and dropping 11½ cents for the week.

Ag ministry France AgriMer listed soft wheat conditions at 87% good/ex. That is down 1 percentage point from last week, but well above 63% good/ex at this time last year.
French Milling Wheat Futures are down another 1.50 Euros to 219/MT (US$6.61/bu), down from the 233.70 high on the 24th of February (US$7.22/bu).

**CME KC HRW Wheat Futures**

- The July 2021 new crop HRW contract settle at $5.91¼/bu on Friday, off a penny on the day, but down 17¾ cents for the week.
- The nearby May contract settled on Friday at $5.85¼/bu, off 1 ¾ cents on the day, and down 18½ cents for the week.
- Trade still digesting the growing optimism that beneficial rains across the HRW belt will lead to big wheat yields, though history would tell us it is April rains that have a better correlation to above average yields.
- July KC HRW futures lost over 25 cents to CBOT July Corn Futures this week encouraging more wheat feeding discussions. JJA feed wheat values are hovering around 90% the value of corn in southwest feedlots. However, OND values bounce back to 110% of corn, suggesting more work might need to be done in either cash or futures to see a longer-term wheat feeding situation evolve. Even though economics look encouraging, there are still limitations to how much wheat that can be fed is tributary to those markets. If we look back to 2012-13 as comparative years for HRW feed consumption, we still need to extend the window for positive feeding economics. If corn/wheat spread narrows enough that it not only forces more wheat into feed rations, but also makes milo acres look more attractive vs an early drought stunted wheat crop.

**MGE HRS Wheat Futures**

- The MGE July 2021 HRS Wheat Futures contract settled Friday at $6.36¾/bu, up 3¼ cents on the day, but down 5 cents for the week.
- The nearby May contract settled at $6.28/bu on Friday, up 2½ cents on the day, but losing 5 cents for the week.
- Expanding dry conditions across the spring wheat belt and into the Canadian prairies will garner additional attention as we work deeper into spring.

**Coarse Grains**

- **U.S. corn market unfazed by flurry of Chinese corn bookings...**

  Reuters News, By Karen Braun - The opinions expressed here are those of the author, a market analyst for Reuters - After a several-week hiatus, huge U.S. corn sales to China, which has recently become the largest buyer of the American grain, are once again being verified. But the news has failed to boost Chicago corn futures as the bookings are likely unsurprising to the market.

  The USDA between Tuesday and Thursday confirmed a total of 3.08 mmts of US corn ([update – as of Friday 3.876 mmts (152 mbus)] for delivery to China in the 2020/21 marketing year ending the 31st of August. That brings total 2020-21 Chinese bookings to at least 22.4 mmts (883 mbus) ([update – as of Friday 23.5 mmts (925 mbus)]). U.S. exporters are required to report single export sales of a certain size to the USDA no later than the business day after the sale, and the agency then issues a daily
announcement or “flash” sale. However, there are situations where this might not capture the intended transparency.

Industry participants had been expecting the string of corn flashes to China at the end of January to continue into February, as it was rumored that the overall deal was larger than the 5.85 mmts confirmed over a four-day period.

At that time, there was discussion about how the US trading arms of foreign companies can do domestic deals with the full intention of eventually transferring ownership overseas; in this case, to their Chinese counterparts. This practice has been viewed by some as a way to sidestep the reporting requirements and not disclose the full trade volume all at once.

It is possible and perhaps probable that this week’s flashes are the continuation of what had been expected several weeks ago. Chinese corn prices, while still at historic highs and much pricier than imported grain, have drifted lower in recent weeks. Additionally, U.S. corn is no longer attractively priced versus competitors.

This could explain why CBOT corn futures have not rallied this week on the export news, because many market participants already knew these deals had been done and have been factoring them in to their supply and demand assumptions.

Massive Shipments
Even if these Chinese sales are not new business, the current commitment volume is still impressive. Including this week’s flashes, US corn sales for export to all destinations in 2020/21 total at least 63.6 mmts as of Thursday, some 96% of USDA’s full-year target of 66 mmts (2.6 bbus). That is 20% points ahead of the recent average for the date.

USDA data suggests nearly 30 mmts of U.S. corn had been exported in 2020/21 through the 11th of March, just under half of the total commitment volume as of the same date.

As of Thursday, as much as 14.7 mmts of U.S. corn awaited shipment to China by the 31st of August. For that volume to be fulfilled, monthly exports of 2.7 mmts would be required going forward.

The current monthly record for US corn shipments to China is 1.53 mmts, set in December 2020. Prior to August 2020, that volume had never exceeded 1 mmts, but it has done so in every single month since except for September, which came up less than a cargo short of that mark.

USDA’s export sales report on Thursday confirmed last week’s huge corn shipment volume of 2.2 mmts that was implied by inspections data on Monday. That is likely contending with an all-time weekly record, though even larger amounts may be coming in the weeks ahead given that April, May and June are usually the peak export months for U.S. corn.

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**CORN**

- **Largest US Sale of Corn to China Since January**

  China booked its largest purchase of U.S. corn since January on Tuesday. The USDA confirmed that private exporters sold 1.156 mmts of U.S. corn to China, the biggest sale announced through the USDA's daily reporting system since the 29th of January, when China bought 2.1 mmts of the grain, the second-largest U.S. corn sale on record. [update – as of Friday China had purchased 3.876 mmts (152 mbus) for the week.]

  The USDA has projected that China will import a historically large 24 mmts of corn globally in the 2020/21 marketing year, in addition to other feed grains including barley, sorghum and wheat, as the country strives to rebuild its massive hog herd that has been hit by diseases.

  China purchased 18.7 mmts of U.S. corn through March 4, USDA export sales data showed, although the Asian country had shipped less than 40% of the total.

  Export demand from China helped lift CBOT Corn Futures to a 7½ year high of $5.74¼/bushel last month. The market has since pared gains.

  China’s pork production is forecast to increase by 14% in 2021, the USDA’s Foreign Agricultural Service post in Beijing said in a report dated the 3rh of March.

- **CME CBOT Corn Futures**

  CME Corn December 2021 contract settled on Friday at $4.69¾/bu, up 1 ¾ cents on the day, but losing 9½ cents for the week.
The nearby May contract made three-week highs, settling on Friday at 5.56¼/bu, up 10¼ cents on the day, and gaining 17 cents for the week.
Chinese buying had been thought to be over for the week, but USDA flashed another large export sale to China this morning. The 800k MT old crop sale brought the week’s total to 3.876 MMT (152 mbus).
Argentine corn offers are said to be defensive, as they too try compete vs feed wheat into the Asia market.
Given the strong export forecast, the market has seen the delivery system “bid” well above DVE since harvest out through July. It should be no surprise the CK/CN is inverting further, as its function, similar to how the CZ/CH and CH/CK performed, is to bring the cash basis down to delivery. The rail market is essentially paying DVE vs the May-CK.
The Brent/PNW spread trading around 60 cents/bu this summer, with the Santos/PNW spread is trading 37 cents for August and September.
Two tows went through Lake Pepin today on the upper Mississippi, as Lock 25 is set to officially open. High water may inhibit loadings for a couple days in the St Louis harbor.
CFTC data as of the week ending the 16th of March showed managed money funds built their net long an additional 14,386 contracts to a 9 week high 370,900 contracts.

GRAIN SORGHUM

Basis bids for grain sorghum on Friday were reported at +255K for March – CIF NOLA, while Texas Gulf FOB values for March were bid at +320K, April +315K and May at +325N, up 5 cents for the week. New crop values were thin.

OILSEEDS COMPLEX

- **2020/21 Brazil Soybeans 46% Harvested vs. 59% Last Year**

  *Michael Cordonnier / Soybean & Corn Advisor, Inc.* - The weather in Brazil last week was more of the same, wet across the more northern areas and dryer across southern Brazil. The forecast is calling for some moderation in both areas of Brazil. The rainfall across the northern areas is not expected to be as heavy as it has been in recent weeks. Far southern Brazil is forecasted to receive some rain, which is good news for the soybeans filling pods in the Rio Grande do Sul.

  The Brazil soybeans were 46% harvested late last week compared to 59% last year according to AgRural. This represents an advance of 11% for the week.

  *Mato Grosso* - Farmers in Mato Grosso had harvested 80% of their soybeans as of late last week compared to 97% last year and 88% average according to the Mato Grosso Institute of Agricultural Economics (Imea). The most advanced harvest is in the western part of the state where 90% of the soybeans have been harvested. The slowest harvest is in the south-central part of the state where 65% of the soybeans have been harvested (32% slower than last year).

  In their March Crop Report, Conab estimated that the soybean acreage in Mato Grosso increased 2.7% compared to last year to 10.2 million hectares (25.1 million acres), but the production will be down 0.6% compared to last year to 35.6 million tons. The reason for the lower production is a 3.2% reduction in yields compared to last year to 3,473 kg/ha (51.7 bus/ac).

  *Parana* - The soybean crop in Parana was 39% harvest as of late last week compared to 70% last year according to Safras & Mercado. Scientists in Parana have indicated that corn leafhoppers (Dalbulus maidis) are a serious problem this year. These insects are the main vector of the MRFV virus, which is one of the most important viruses that affect corn. The infestation started with the full-season corn and it is extending into the safrinha corn. Some producers have already applied up to 10 insecticide applications since they planted their corn back in September.

- **China soybean imports continue to fall with delayed Brazilian harvest**

  *Refinitiv Commodities Research* - China soybean imports slumped by 32% to 5.7 mmt in February and all soybeans were sailed from the US Refinitiv’s trade flows tracked little soybean imports from South America over the past month.

  In March, China soybean imports will continue to decline as US soybean arrivals decrease. We estimate China March soybean imports at 4.8 mmt's, the lowest since March 2020. The US remains the dominant origin, accounting for 95% of China’s total imports in March. Only 0.2 mmt's of Brazilian soybeans are expected to arrive in March, compared to 2.8 mmt's for March 2020. The slashed Brazilian soybean imports are attributed to significantly delayed soybean harvest and weather-related logistics issues in Brazil.

  In April, China soybean imports from the U.S. will drop to 0.7 million tons due to the seasonality of U.S. soybean exports and depletion of U.S. soybean stocks. On the contrary, 6.2 mmt's of Brazil soybeans are heading for China and will arrive in April.

  China soybean imports in April will be at least 6.9 mmt's, above last year's 5.4 mmt's.

- **EU 2020/21 Soybean Imports at 10.21 mmt's, Rapeseed 4.76 mmt's**

  *Reuters* - European Union soybean imports in the 2020/21 season that started last July had reached 10.21 mmt's by the 11th of March, data published by the European Commission showed on Monday. That compared with 10.04 mmt's cleared by the same week last season, the data showed.
The Commission said the weekly figures this week only went up to Thursday, rather than Sunday as usual, due to a data availability issue.

Since the 1st of January, the European Commission’s data has covered the EU’s 27 countries only, whereas previous figures up to the 31st of December covered both the EU-27 and Britain.

EU rapeseed imports in 2020/21 had reached 4.76 mmts, compared with 4.63 mmts a year ago.

Soymeal imports so far in 2020/21 were at 11.97 mmts against 12.73 mmts a year earlier, while palm oil imports were at 3.87 mmts versus 4.01 mmts a year ago.

**CME CBOT Soybeans Futures**

Soybeans were followers this week as corn took the lead with China buying took center stage. The record tight soybean balance sheet is still not solved for the year and is dependent on South America’s final production number.

Yet another strike in Argentina threatened to interrupt the export flow.

The lead contract **CME May 2021 Soybean Futures** settled on Friday at $14.16½/bu, gaining 24½ cent on the day, and up 3½ cents for the week.

New crop **CME November 2021 Soybean Futures** settled on Friday at $12.18/bu, up 11¼ cents on the day, but down 25½ cents for the week. At the close on Friday soybean futures were 12¼ to 24 cents in the black.

Old crop futures led the recovery, widening the May to November inverse by 10¼ cents to a $1.96/bu.

The weekly Commitment of Traders (COT) Report showed soybean specs were 3,561 contracts less net long for the week ending the 16th of March. The long liquidation left the group 156,040 contracts net long. Commercials closed out 12k shorts reducing their net short to 269,805 contracts.

The July board crush fell a 10 cents the week. The demand story continues to be with oil and basis is up 200 pts, while meal basis was down $20 this month.

ASF in China remains the wild card with the recent crush pace at 1.49 mts, well below a year ago. 1.9 mmts/wk is needed to reach USDA estimate. Their crush margins are negative at $15 plus /mt, so no incentive to be buying beans now either. With Brazil offers now well below the US, it is likely that the remaining 42 mbu the US needs to sell to China will likely be rolled forward to new crop.

The Pro Farmer survey is calling US soybean acres at 88.9 macres. Informa estimates are out Monday, with the USDA Report the following week.

Canadian Canola Prices were back up CAD22.10/mmts after trading down for three days. USDA’s Ag Attaché reported Canadian canola ending stocks would equal just 700 kmts for 2020/21. That would be a 2.4 mmts decrease y/o/y if realized. USDA’s official March forecast pegged Canadian canola stocks at 1.2 mmts for a 1.9 mmts decrease y/o/y.

**CME CBOT Soybean Meal**

Settled on Friday at $407.90/short ton, up $9.70 on the day, and gaining $7.30 for the week.
The Chinese crush has not yet bounced back from pre-Chinese New Year levels at 1.49 mmts in the latest week, which was 14% less than the prior period and 13% less y/y/y total of 1.66 mmts. Poor meal demand appears to be part of the reason, reinforcing ideas that ASF is more prevalent, resurfacing across the sector, and having an impact.

The 4-week pace of soybean export sales at 9.7 mbu/week has dropped to a 10-year seasonal low and is barely 1/3rd the average as demand goes south. Meal sales, still quite good, are nearly 25% above the seasonal pace.

In soymeal COT Report showed spec traders were 61,236 contracts net long, a 26 week low, after long liquidation.

South America soymeal exports declined in February

Refinitiv Commodities Research - Global soymeal cash prices have declined over 20% from January's highs while soybean oil cash prices continue to soar at 10-year highs. In February, Refinitiv's trade flows tracked 1.6 mmts of soymeal shipments in Argentina, down 10% from a month ago, but 30% above last February.

Soybean oil exports dropped 50% from January to 0.24 million tons. Argentina soybean and soymeal exports dropped to 6.0 and 17.2 mmts in 2019/20 from 9.1 and 22.6 mmts in 2018/19. The export losses are in line with 8.0 mmts of decreases in soybean supplies (production and imports) projected by USDA.

This season, adverse dry conditions have lowered soybean production to 47.9 mmts (according to Refinitiv's agriculture research), nearly 1 mmts below last season. However, high carry-over stocks indicate that Argentina soybean supplies could support record amounts of soybean and soymeal exports (9 to 10 and 25 to 26 mmts, respectively). In reality, however, high export taxes and devaluation fears of Argentina peso may suppress soybean and soymeal exports to average levels (7 to 8 and 21 to 23 mmts, respectively).

Brazil shipped 0.9 mmts of soybean meal in February, down 8% from January. Soymeal shipments usually pick up in March as the new crop soybeans come to the market. However, harvest delays and logistics issues postpone soymeal deliveries. As of the 16th of March, only 540,000 mts of soymeal have shipped from Brazil, with another 804,000 mts of line-ups, according to the latest Williams line-up report (released on the 16th of March). March soymeal shipping pace is slower than last two years during the time, but close to the five-year average.

CME Soybean Oil

Soybean Oil values came off of last week’s highs of $55.59/cwt. The lead CME May 2021 Soybean Oil Futures settled Friday at $53.87/cwt, up 35 cents on the day, but losing $1.57 for the week.

In soybean oil the COT Report showed managed money 98,686 contracts net long on the 16th of March.

China soyoil stocks shrink further on lower soybean crush

Soybean oil stocks in China fell below 800,000 mts for the first time in at least three years as soybean crush volumes continued to fall due to weak soymeal demand. Total soybean oil stocks slumped to 760,000 mts last week, down 80,000 mts on the week, according to data from China's National Grain and Oil Information Centre (CNGOIC) on Thursday. The stock level was down 60,000 mts m/o/m and was 650,000 mts lower compared with the same point last year.

"Soybean crush volume has been maintained at a low level in the past two months. Domestic rapeseed oil and palm oil supply is limited, and soybean oil demand has been healthy," said CNGOIC.

Soybean crush volume fell 230,000 mt on the week to 1.45 mmts, down 20,000 mts year-on-year. The stock level for soybeans continued to fall due to the slow pace of vessel landings, down 450,000 mts to 5.19 mmts last week; the lowest level in a month. Meanwhile, soymeal stocks fell 110,000 mts on the week to 760,000 mts due to slower crush.
**OTHER RELATED NEWS**

- **COFCO explores mergers with local businesses, plans IPO**
  
  China state-owned merchant COFCO has hired banks as advisors to explore a potential merger of its international trading arm with local businesses, followed by a potential IPO of the newly formed entity, newswire Bloomberg reported, quoting sources close to the deal.

  The merging phase is planned to be completed this year and would combine assets stretching from Brazil to China, boosting Cofco’s global footprint as one of the leading grains and oilseed trading houses.

  The global merchant would serve imports into the world's largest food consuming nation, China, and would place Cofco next to the so called ABCDs trading houses, including ADM, Bunge, Cargill and Louis Dreyfus.

  The IPO of the newly formed entity, which is planned for late 2021 or early 2022 – could value the company at more $5 billion and would be listed most likely in Shanghai, Bloomberg reported.

  The structure of the merger is yet to be finalized and whether the IPO will go ahead will depend on investor appetite and commodity prices, the newswire added.

  Cofco spent over $4 billion in 2014 buying up Dutch-based trader Nidera and agricultural assets of Nobel Group.

- **Carriers Reject $1.3 Billion in Ag Exports**
  
  The United States saw at least $1.3 billion in potential agricultural exports rejected at major ports on the East and West coasts, from July to December last year, according to a CNBC analysis.

  “Maritime carriers have been favoring sending back empty containers to China in an effort to quickly fill the boxes so they can be transported along the more lucrative China-U.S. route,” CNBC said.

  The maritime carriers’ export decisions at these ports are under investigation by the Federal Maritime Commission, CNBC added.

- **Container Carriers rejected at least $1.3 billion of Potential US Ag Exports from July to December**
  
  **CNBC** - The United States saw at least $1.3 billion in potential agricultural exports rejected at major ports on the East and West coasts, from July to December last year, according to a CNBC analysis.

  The rejections were particularly heavy in December, according to analysis of data compiled from the Census Bureau and the Ports of Los Angeles and Long Beach in California, and the Port of New York in New Jersey.

  The estimated total value of lost export trade from the three ports for December was a minimum of $257.5 million. The Port of New York and New Jersey saw its largest volume of export rejections for 2020 during December.

  The maritime carriers’ export decisions at these ports are under investigation by the Federal Maritime Commission. Commissioners are examining whether this denial of trade is in violation of the 1984 Shipping Act. This investigation comes at a time where China’s exports hit records. The full year trade surplus reached $535 billion, the highest since 2015.

  One of the key legal obligations in the Shipping Act is the nondiscriminatory regulatory process by the carriers for the movement of goods by water. Maritime carriers have been favoring sending back empty containers to China in an effort to quickly fill the boxes so they can be transported along the more lucrative China-U.S. route.

  According to the Freightos Baltic Index, carriers are charging $5,548 a container to the East Coast, and $4,571 to the West Coast. US agricultural export containers take longer to process because the product needs to be unloaded and the container needs to be cleaned. The route from the US to China is also a fraction of the price (US$715 a container), so carriers can afford to return empties instead of containers full of agriculture.

**LOGISTICS & TRANSPORTATION**

- **Workers at Argentine ports hub Rosario set to go on 24 hour strike**
  
  Reuters - Workers at the Argentine grains port hub of Rosario will start a 24-hour strike on Friday morning to protest layoffs at one of the companies in the sector, an official with the local CGT labor umbrella group said on Thursday.

  Argentina is the world’s top exporter of soybean oil, used in making biofuels, and soymeal livestock feed, used to fatten hogs and poultry from Europe to Southeast Asia. Rosario is home to some of the biggest soy crushing plants in the world.

  “It has been decided that the oilseed workers will start the strike at the start of the morning shift tomorrow,” said Pablo Reguera, secretary of the CGT at the Rosario port of San Lorenzo. About 80% of Argentine farm exports are shipped from Rosario, on the banks of the Parana River, Santa Fe province.

  The workers say they will strike over what they consider low compensation for employees in the sector who have been laid off. “The CGT has decided on a total stoppage of activities in all oilseed industries in San Lorenzo on Friday,” according to a statement issued on Thursday by the SOEA oilseed workers union.

  The SOEA went on a 20-day wage strike in December that raised concerns about farm export flows. A spate of strikes in the sector affect international grains prices before they were concluded with the signing of new labor contracts.
“Carrier practices are not only inflicting significant financial damage to U.S. exporters and importers, but are extremely short-sighted,” said Peter Friedmann, executive director of the Agriculture Transportation Coalition. “Those practices are causing U.S. exporters to lose foreign customers, and setting the stage for the ocean carriers themselves to lose significant business in the future.”

In December, shippers rejected an estimated 72,508 containers known as 20-foot equivalent units, or TEUs, according to CNBC's data analysis. That tally was calculated by taking the difference between the actual empty exports in 2020 versus the 2019 share of export empties. The difference represents the amount of empty container exports that should have been filled in 2020.

From July through December, a total of 370,505 TEUs were denied out of the ports of Los Angeles, Long Beach, and New York and New Jersey, with a container deficit value of $1.3 billion.

To calculate the minimal value in the potential lost trade as a result of the rejection of agricultural exports, CNBC used the Port of Los Angeles' containerized agricultural export price for soybeans/oilseeds/grains, which can be found on the U.S. Census, USA Trade Online site. The value of this export is $3,552 a TEU. It is one of the lower valued exports.

**China and Brazil**

Starting in the new year, China traditionally starts buying from the United States' top soybean competitor, Brazil. The Agriculture Transportation Coalition's Friedmann says this rejection of trade can only provide more opportunity for Brazil.

“Brazil expanded its soybean production during the trade war and this denial of trade can only help them at the expense of the U.S. farmer,” said Friedmann. “When foreign customers are denied affordable/dependable U.S. ag exports by carrier practices, they find alternative sourcing to U.S. agriculture, and simply do not return to their U.S. sources.” Friedmann said Asian buyers are frustrated. One of the largest soybean buyers in Asia is looking to switch delivery of U.S. soybeans from container to bulk freight, which can impact American jobs. “Major China animal feed importers of U.S. soybeans are fed up with ocean carrier practices, charges and the dependably of container delivery,” Friedmann explained. “Once these Chinese customers switch, they may never come back to the container model and that impact jobs at the port. Container ships generate more man-hours. This will mean many fewer containers to be loaded at our marine terminals, less work for longshoremen and fewer containers to be carried on container vessels, for years to come.”

The decrease in U.S. exports can also be tracked in the global containerized trade data by local and global transport and logistics research company MDS Transmodal, China’s share of global exports increased in the third and fourth quarters of 2020. North America’s global export share however, never recovered.

“The increase in global trade was mainly driven by China, which has not only retained the title of ‘factory of the world’ but improved its position,” explained Antonella Teodoro, Senior Consultant at MDST.

### Other ports and next steps

The Northwest Seaport Alliance, the fourth-largest container gateway in North America, comprised of the Port of Seattle and Port of Tacoma, tells CNBC it also suffered a large loss in exports. In 2019, the ports moved out 913,332 containers of full exports. In 2020, that number dropped to 790,620 containers.

“Our exporters are suffering,” said John Wolfe, chief executive officer of The Northwest Seaport Alliance. “We have spoken with our terminal operators and carriers about this issue and there is more work to be done by all in order to address the extreme challenges faced by our export community.”

**CNBC sent its findings to FMC Commissioner Louis Sola**

“I can say for a fact that some carriers have decreased their exports in return for empties (mainly the European lines) while other have made a conscious effort to pick up the slack and increases their exports in 2020 (mostly the Asian lines),” said Sola. “I do find this most interesting and warrant that it requires further discussion.”

Sola said he is also keeping an eye on the potential jobs impact. “This assertion warrants review. We support our longshore workers. Indeed, that is why I have attempted to draw attention to the loss of work generated by the cessation of cruises to our cruise ports across the nation and speak out for the safe resumption of cruising,” he said.

The imbalance of trade has created an outpouring of letters by American exporters pleading for intervention by the Federal Maritime Commission. Letters have also been sent by politicians on both sides of the aisle. FMC Commissioner Rebecca Dye is currently leading an investigation into the carrier’s actions in a Fact Finding 29 investigation.

The investigation was authorized in March 2020, and was expanded in November to include the container return and container availability for U.S. export cargo, as well as the charges in storage and late fees carriers are charging exporters.

“No public servant enjoys a trade deficit unless it is the other fellow’s deficit,” said Sola. “America is best served when we ship more product out than we ship in.”
**Russia faces wheat trade disruption caused by complex export tax**

* Bloomberg - Russia’s complicated wheat export taxes could disrupt trade from the world’s top shipper just as the next crop begins filling silos.

The Russian government launched a flat tax on exports last month, which has already helped slow flows. The measures will switch to floating duties weeks before the next harvest, a mechanism announced as part of a series of efforts to safeguard domestic supply and cool food inflation.

But the way they’ve been designed means exporters won’t know how much they’ll pay until cargoes actually sail, which is often weeks or months after a deal is struck. That makes it riskier to book advance sales of the coming crop and means some business may fall to rival sellers.

“The system itself was not developed to make it all convenient for traders,” said Eduard Zernin, head of the Russian grain exporters union. “On the contrary, its aim is to create inconveniences for them.”

Russia is a wheat export heavyweight, aided by low costs and bumper crops in recent years. Top buyer Egypt favored European Union and Ukraine grain in its latest tenders, including rare Romanian cargoes from trader Grain Export, owned by a state-backed Russian company.

It’s still early for new-crop trade that references the season that starts in July. And export potential hinges on spring weather and the size of the next harvest. Added to those usual unknowns is the floating duty regime, which requires traders to register export volumes and values with a unit of the Moscow Exchange. The bourse plans to start publishing a price index from the data next month, used to calculate the duties that begin from early June.

The tax setup could prompt higher risk premiums and make it harder to compete at large tenders, said Andrey Sizov, managing director at analyst SovEcon.

“Everybody’s going to be able to sell spot, but how could you sell wheat forward a month from now not knowing where the tax will be?” said Dan Basse, president of consultant AgResource. “No one’s willing to take that risk.”

The Federal Anti-Monopoly Service will fine traders who breach reporting rules. And the government may opt for stricter measures like canceling export-quota volumes for those who fail to disclose sales correctly, Zernin said.

The agriculture ministry’s press service didn’t respond to a request for comment. No quotas are set past the current season, although officials have signaled they may become annual.

The publication of the price index from April offers some time for kinks to be resolved, said Matt Ammermann, commodity risk manager at StoneX. Grain groups have also appealed to ease some limits. For now, forward sales seem “a huge gamble,” he said.

**Russia looking to stop regulating grain exports**

Interfax - Russia is primed and ready to stop interfering with grain exports once the markets stabilize, the Interfax news agency reported citing Dmitry Patrushev, agriculture minister.

Due to the COVID-19 pandemic and decreasing domestic incomes, Russia enacted grain export measures to slow food inflation and prioritize its grain supply.

Interfax news agency cited Patrushev’s statement, “As soon as the situation stabilizes, we will be ready to consider various other approaches to regulating this market, including the exclusion of any interference at all. But for now, we must make sure that all of our grain is not exported abroad. This is extremely important.”

**Tai confirmed unanimously by Senate as new USTR**

This week the US Senate confirmed Katherine Tai as US Trade Representative (USTR) by a vote of 98 to 0.

Tai, the daughter of immigrants from Taiwan, most recently served as the top Democratic trade counsel for the House Ways and Means Committee. In that role, she played a major part in negotiations on the United States-Mexico-Canada Agreement, which replaced the North American Free Trade Agreement. Earlier, she worked in the Office of the US Trade Representative, beginning in 2007 and rising to chief counsel for China enforcement in 2011.

Among her first tasks will be advising the president on what to do about existing tariffs on most imported Chinese products, presiding over enforcement of a new trade deal with Mexico and Canada, and seeking a negotiated end to a long-running commercial dispute with the European Union.

In written answers to lawmakers’ questions following her confirmation hearing, Tai echoed Trump administration complaints about the World Trade Organization (WTO), saying that “reforms are needed” to discourage its appellate panel from infringing on U.S. rights.

**US, Canada Prepare for African Swine Fever**

The Agriculture Department’s Animal and Plant Health Inspection Service (APHIS) and the Canadian Food Inspection Agency (CFIA) have developed a protocol to help ensure bilateral trade will continue if African swine fever (ASF) is detected in feral swine in either country, while still absent from domestic swine, APHIS said in a news release on Tuesday.

The intent of the protocol is to protect swine populations in both countries during an outbreak of ASF in feral swine, while minimizing impacts on the trade of live swine, swine products, and other swine commodities, APHIS said. Upon an ASF feral swine detection, all trade between both countries would initially stop. Then, according to the protocol, trade would resume in three, progressive phases with increasingly reduced restrictions on live swine, swine germplasm, and untreated swine commodities.
“Continuing trade with Canada in the event of a feral African swine fever detection is important to our stakeholders, and this trade protocol provides the necessary guidance to minimize the impact to the swine industry,” USDA Chief Veterinarian Burke Healey said. “This collaborative effort uses a science-based approach to ensure trade between both countries resumes as quickly as possible.”

**Japan to Temporarily Raise Tariffs on Imports of US Beef**

Japanese trade data have confirmed that the country will impose a higher tariff on imports of U.S. beef for 30 days, reports DTN’s Progressive Farmer.

Japan’s Ministry of Finance said the tariff will be raised to 38.5% from a current 25.8% for 30 days starting March 18; for scraps, the tariff will rise to 38.5% from a current 34.7%. The U.S. shipped 242,229 metric tons of beef in Japan’s fiscal 2020, exceeding the 242,000-metric ton quota agreed to in the U.S.-Japan trade deal.

The two governments will now hold talks on the situation within the next 10 days. The tariff will drop to 25% April 17, the level for Japan’s fiscal 2021. Beef importers could delay their customs processes until then to avoid paying the higher tariffs, according to an official with the Japanese ministry.

**International Crop & Weather Highlights**

**Dryness across Brazil is highly likely to continue into early April**

Refinitiv Commodities Research -

**ARGENTINA 10-DAY OUTLOOK:** As expected, the rainfall zone will shift northward through the nearest 10 days. The development of high pressure ridge across the central and southern Pampas will introduce dryness again into these regions and rainfall deficits for the next 10 days will reach up to 30-40 mm. Only the northern areas of Santa Fe, Santiago del Ester, and Entre Ríos will receive significant rainfall surpluses, in many cases too late for a significant improvement of the crop quality at this stage of the season. Coolness 2-4 °C below normal will persist but will slightly weaken during the next week. The uptick in rainfall will surely benefit dried-out soil moisture in the Entre Ríos, but just as with the majority of soybean crops, it will fail to significantly improve the corn crop.

**BRAZIL 10-DAY OUTLOOK:** Dryness will settle down across Central Brazil, accompanied by widespread warmth. Rainfall will be a rarity across Mato Grosso do Sul, Goiás, Minas Gerais, eastern Tocantins, and deficits will range 30-50 mm below normal for the next 10 days. Near normal rainfall remains the forecast for the South, however, local upticks may be significant as a highly convective (stormy) weather pattern is the most probable scenario in the next week for this region. Warmth across the Central areas will intensify to 2-4 °C above normal and will spread out to Bahia, Minas Gerais and Paraná. The remaining part of the country will be around normal. The outlook remains largely beneficial for a catch-up in harvest and sowing, however, more signs for prolonged dryness are constantly arriving, increasing the risks for the second corn crop.

**EXTENDED OUTLOOK:** The EC Extended model run from yesterday is in line with our recent long-term outlook for the April-May period, as dryness appears to be the most probable scenario. Through the first half of April, the signals are the strongest for central Brazil with a persisting dry/warm weather pattern, while the South should remain in moderate and variable weather conditions. In Argentina, although dryness remains the main feature across the Pampas, the evolution of a wetter zone from Paraguay may cover more extended areas. Overall, through early April the weather pattern remains optimistic for all harvest and sowings efforts, but maintains an unfavorable impact on the second corn crop across Brazil.

**USDA/WAOB Joint Agricultural Weather Facility – 16th March 2021**

**EUROPE – Highlight: Overall Favorable, But Crops Still Dormant In The East**

- Despite some short-term dryness, moisture supplies remained overall favorable for winter grains and oilseeds across the continent following a wet winter.
- Cold weather in eastern Europe kept winter crops dormant in northeastern growing areas and slowed or halted wheat and rapeseed development in the Balkans.

**WESTERN FSU – Highlight: Cold**

- Cold weather kept winter crops dormant in Ukraine and Russia.

**MIDDLE EAST – Highlight: Widespread Rain And Snow**

- Rain and snow improved moisture supplies in Turkey and maintained or boosted soil moisture from the eastern Mediterranean Coast into Iran for dormant (north) to vegetative (south) winter grains.

**NORTHWESTERNAFRICA – Highlight: Winter Grains Developing Favorably In Morocco**

- Additional showers in Morocco boosted soil moisture for reproductive wheat and barley; yield prospects are vastly improved over last year’s drought-afflicted crops.
- Despite scattered albeit much-needed showers, short-term dryness continued to afflict vegetative to reproductive winter grains across western and eastern Algeria as well as inland portions of Tunisia.

**SOUTH ASIA – Highlight: Hot Weather**

- Seasonal heat was building earlier than normal across the region, promoting rapid maturation of laterplanted winter-grown crops.

**EAST ASIA – Highlight: Unseasonable Warmth And Showers**

- Unseasonable warmth and occasional showers aided development of wheat, rapeseed, and early-crop rice in eastern and southern China.

**SOUTHEAST ASIA – Highlight: Showery Weather And Heat**

**MOROCCO**

Despite scattered albeit much-needed showers, short-term dryness continued to afflict vegetative to reproductive winter grains across western and eastern Algeria as well as inland portions of Tunisia.
Showers prevailed in southern and eastern sections of the region, providing good moisture for immature winter rice and bolstering irrigation supplies for spring-sown rice.

Seasonal heat was building in western portions of the region, advancing dry-season rice development.

AUSTRALIA – Highlight: Soaking Rain

In the east, soaking rain hampered drydown and harvesting of mature cotton and sorghum and likely raised some concern about crop quality.

SOUTH AMERICA – Highlight: Warmth And Dryness Stressed Immature Argentine Crops

Untimely warmth and dryness stressed immature corn and soybeans in central Argentina.

Scattered showers benefited corn and cotton in central and northeastern Brazil.

In southern Brazil, drier conditions enabled fieldwork delayed by prior wetness, although additional moisture is needed for late-developing soybeans in Rio Grande do Sul.

SOUTH AFRICA – Highlight: Warmth And Dryness Continued

A second week of warm, sunny weather fostered rapid development of corn, sugarcane, and other summer crops.

Web Site: https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf
Source: USDA https://www.usda.gov/oce/weather-drought-monitor/publications

U.S. Agricultural Weather Highlights – Friday - March 19, 2021

• In the West, rain and snow showers associated with a Pacific storm system continue to move inland across northern and central California and the Northwest. In advance of the approaching storm, warmth has developed in the Desert Southwest. Farther north, recent storminess in the central Rockies has eased drought and bolstered water-supply prospects.

• On the Plains, dry weather prevails. Unusual warmth continues across the northern High Plains, where today’s high temperatures could reach 70°F. Winter grains on the central Plains continue to benefit from recent soil moisture improvements. However, the latest (March 16) U.S. Drought Monitor indicates that drought still covers more than onequarter (26%) of the U.S. winter wheat production area.

• In the Corn Belt, a high-pressure system settling across the Great Lakes region is resulting in cool, dry weather. In addition, blustery conditions linger across parts of the eastern Corn Belt. Farther west, however, temperatures are rebounding to near- or above-normal levels in the western Corn Belt. Following recent heavy rainfall, lowland flooding lingers in several areas, particularly across central Missouri.

• In the South, showers associated with a departing storm linger across the middle Atlantic States. Cool, dry, breezy weather covers the remainder of the region. Today’s high temperatures will remain below 70°F, except across Florida’s peninsula and Deep South Texas.

Outlook: Mid-Atlantic rain and snow showers will end later today. Meanwhile, a high-pressure system over the Great Lakes States will shift eastward, allowing warmer air to gradually expand across the central and eastern U.S. Farther west, Pacific storms will maintain cool, showery weather as far south as central California, the central Rockies, and the Intermountain West. Early next week, a developing storm system over the nation’s mid-section could produce snow across the central Rockies and heavy rain from the central Plains into parts of the Midwest. Elsewhere, another round of heavy showers and locally severe thunderstorms may occur across the South. The NWS 6- to 10-day outlook for March 24 – 28 calls for the likelihood of near- or below-normal temperatures across much of the western and central U.S., while warmer-than-normal weather will prevail in northern California and east of the Mississippi River. Meanwhile, near- or above-normal precipitation across most of the country should contrast with drier-than-normal conditions in southern Florida, the Far West, and portions of the northern Plains.

Contact: Brad Rippey, Agricultural Meteorologist, USDA/OCE/WAOB, Washington, D.C. (202-720-2397)
Web Site: https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf
March Crop Calendar

*Crop stage sensitive to moisture and temperature stresses.

U.S. Department of Agriculture (USDA)
Foreign Agricultural Service (FAS)
Office of Global Analysis (OGA)
International Production Assessment Division (IPAD)

https://ipad.fas.usda.gov/ogamaps/images/mar_calendar.gif